

## Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 CIAE-00 DODE-00 PM-05 H-01  
INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02  
SS-15 USIA-06 ACDA-07 AID-05 COME-00 EB-07 FRB-03  
TRSE-00 XMB-02 OPIC-03 LAB-04 EPG-02 SIL-01  
OMB-01 EURE-00 /107 W  
-----035608 221401Z /45

P R 221148Z JUL 77  
FM AMEMBASSY MADRID  
TO SECSTATE WASHDC PRIORITY 1125  
INFO AMEMBASSY BONN  
AMEMBASSY BRUSSELS  
AMEMBASSY COPENHAGEN  
AMEMBASSY THE HAGUE  
AMEMBASSY LISBON  
AMEMBASSY LONDON  
AMEMBASSY OSLO  
AMEMBASSY PARIS  
USMISSION NATO  
USMISSION GENEVA

C O N F I D E N T I A L SECTION 1 OF 2 MADRID 5531

USOECD USEEC AND AMEMBASSY BRUSSELS

E.O.11652: XGDS-1  
TAGS: PINT, SP  
SUBJECT: VIEWS OF PSOE SEC GEN FELIPE GONZALEZ

SSUMMARY: GONZALEZ IS SKEPTICAL OF THE GOVT'S ABILITY  
TO CARRY OUT NEEDED ECONOMIC REFORMS BECAUSE OF WHAT HE  
CONSIDERS INTERNAL UCD DIFFERENCES AND PRESSURES FROM  
ENTRENCHED FINANCIAL INTERESTES. THUS THE PSOE IS IN NO  
DANGER OF LOSING ITS CENTER LEFT CONSTITUENCY TO SUAREZ  
UCD. HE REITERATED PSOE OPPOSITION TO THE TREATY OF  
FRIENDSHIP AND COOPERATION, BUT DID NOT ANTICIPATE SERIOUS  
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RAISING THIS ISSUE IN THE CORTES UNTIL THE TREATY  
COMES UP FOR RENEWAL IN 1980-81 HE ALSO REHEARSED PSOE  
ARGUMENTS AGAINST NATO MEMBERSHIP, WHILE PORTRAYING  
THE ALLIANCE AS A LESSER EVIL THAT THE EXISTING TREATY  
AND MAKING IT CLEAR THAT THE PSOE WOULD NOT LATER  
ATTEMPT TO TAKE SPAIN OUT OF THE NATO IF A DECISION IS  
TAKEN DEMOCRATICALLY IN FAVOR OF ACCESSION. GONZALEZ

REPEATED (MADRID 3115) THAT THE PSOE DID NOT WANT TO MAKE THE MONARCHY AN ISSUE AND HE TYPICALLY HARSH WORD FOR CATTILLO AND HIS PCE. ENDSUMMARY.

1. A RELAXED BUT TIRED FELIPE GONZLAEZ, ACCOMPANIED BY PSOE INTERNATIONAL SECRETARY LUIS YANEZ, LUNCHE WITH ME JULY 20. DURING A WIDE RANGETOUR D' HORIZON, GONZALEZ EMPHASIZED HIS DOUBTS ABOUT THE GOVT'S ABILITY TO DELIVER ON NEEDED ECONOMIC REFORMS, BOTH BECAUSE OF DIFFERENCES WITH IN SUAREZ OWN UCD AND PRESSURES FROM ENTRENCHED FINANCIAL INTERESTS, PARTICULARLY MORE CONSERVATIVE BANKS. WHICH IN GOBZALEZ VIEW CONTUINED TO DELAY ANNOUNCEMENT OF THE PROGRAM. THE GOVT MADE A SERIOUS MISTAKE, HE FELT BY ANNOUNCING ITS INTENTIONS AND EVEN THE DEVALUATION WITH OUT DECREEEING THE ENTIRE ECONOMIC PACKAGE. THIS HD GEN CONSERVATIVE INTERESTS TIME TO REGROUP AND A TARGET TO SHOOT AT. GONZALEZ MANIFESTED GREAT RESPECT FOR ECONOMIC SUPER KINISTER FUENTES QUINTANA. BUT PREDICATED THAT HIS GOOD INTENTIONS WOULD BE INSUFICIENT TO GET THE JOB DONE.

2. CONSEQUENTLY GONZALEZ DID NOT SEE THE GOVT'S REFORMIST PROMISES AS ANY DANGER TO THE PSOE'S CENTER LEFT CONSTITUTENCY; THE PSOE WOULD CONTINUE TO BE THE MODERATE LEFT ALTERNATIVE TO THE MODERATE RIGHTS UCD) WHICH SIMPLY STILL GONZLAEZ WELCOMED AS A PROGRESS A  
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PROGRAM AS POSSIBLE, EVEN IT MEANT THAT THE GOVT TOOK AS ITS OWN PLANKS FROM THE PSOE'S PALTFORM. AND HE SAID HE HAD TOLD SUAREZ THAT THE PSOE WOULD UNDER NO CIRCUMSTANCES BE REACICALIZED BY THE GOVT ATTEMPTS TO APPEAR TO THE PARTY'S CENTER LEFT VOTERS. BECAUSE THE GOVT. STILL HAD NOT ARRIVED AT AN INTERNAL CONSENSUS ON IT PROGRAM, THERE HAD BEEN NO SUBSTANTIVE NEGOTIATION ON SPECIFIC MEASURES (NOR, GONZALEZ SAID, HAD THE GOVT DISCUSSED ITS EC INITIATIVES WITH THE PSOE. ALTHOUGH THE PARTY SUPPORTED IN PRINCIPLE THE GOVT'S POSITION ON THE EC). ON FUNDAMENTAL REFERENCE POINT FOR THE PSOE WOULD BE DEFENSE OF LABOR'S SHARE OF TOTAL NATIONAL INCOME. HE ACKNOWLEDGED IT WOULD BE UNREASONABLE TO SEEK CONTINUING INCREASES IN LABOR'S PURCHASING POWER OVER THE NEXT FEW YEARS, BUT STRESSED THAT THE PSOE WOULD OPPOSE ANY MEASURES WHICH SOUGHT TO REDUCE LABOR'S EXISTING SHARE OF THE PIE.STABLER

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TRSE-00 XMB-02 OPIC-03 LAB-04 EPG-02 SIL-01  
OMB-01 EURE-00 /107 W  
-----035791 221404Z /45

P R 221148Z JUL 77  
FM AMEMBASSY MADRID  
TO SECSTATE WASHDC PRIORITY 1126  
INFO AMEMBASSY BONN  
AMEMBASSY BRUSSELS  
AMEMBASSY COPENHAGEN  
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C O N F I D E N T I A L SECTION 2 OF 2 MADRID 5531

USOECN USEEC AND AMEMBASSY BRUSSELS

E.O.11652: XGDS-1  
TAGS: PINT, SP  
SUBJECT: VIEWS OF PSOE SEC GEN FELIPE GONZALEZ

3. TURNING TO THE CONSTITUTION, GONZALEZ STUCK TO HIS  
EARLIER CONTENTION (MADRID 3115) THAT THE ISSUE OF THE  
MONARCHY WOULD BE DEALT WITH IN THE FIRST ARTICLE.  
HE STRONGLY IMPLIED THAT THE PSOE WOULD BE COMPELLED  
TO VOTE AGAINST THAT ARTICLE (UNLIKE OTHER PARTY LEADERS  
WHO RECENTLY HAVE APPEARED TO LEAN TOWARD A POSSIBLE  
ABSTENTION), BUT ADDED THAT THEY HAD NO INTENTION OF MAKING  
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THE MONARCHY AN ISSUE AND WOULD SUPPORT APPROVAL  
OF THE FULL CONSTITUTION IN THE FOLLOW ON REFERENDUM.  
AS FOR THE AUTONOMY QUESTION, GONZALEZ SAW THE CONSTITUTION  
SETTING SIDE CERTAIN (UNSPECIFIED) POWERS FOR THE

REGIONS. THESE PROVISIONS PROVIDE A FRAMEWORK (MARCO) WHICH THE VARIOUS REGIONS COULD THEN "FILL" TO THE EXTENT THEY DESIRED. NOT SURPRISINGLY, HE SAW CATALONIA AND THE BASQUE PROVINCES TAKING FULL ADVANTAGE OF THESE RESERVED POWERS, WHILE ANDALUSIA AND GALICIA, FOR EXAMPLE, WOULD DO SO ONLY PARTIALLY. IN TERMS OF THE DEBATE OVER FEDERALISM VS. AUTONOMY. GONZALEZ DESCRIBED THIS AS A "FEDERATIVE" SCHEME, ALTHOUGH AN ACCURATE DESCRIPTION CLEARLY WILL DEPEND ON PRECISELY WHAT THE CONSTITUTIONAL PROVISIONS ARE. (COMMENT: THIS APPEARS FUNDAMENTALLY IN LINE WITH UCD THINKING ON THE AUTONOMY QUESTION).

4. IN AN EXCHANGE WHICH I INITIATED, GONZALEZ REITERATED THE PSOE'S OPPOSITION TO THE TREATY OF FRIENDSHIP AND COOPERATION, ALTHOUGH HE ADDED THAT HE DID NOT ENVISAGE THE PARTY RAISING THE ISSUE SERIOUSLY IN THE CORTES UNTIL THE TREATY COMES UP FOR RENEWAL IN 1980-81 HE ADDED THAT AS FAR AS WE WAS CONCERNED, NATO MEMBERSHIP WAS A LESSER EVIL THAN THE EXISTING BILATERAL RELATIONSHIP BECAUSE OF THE LATTER'S INHERENT INEQUALITY AND ITS FRANCO LINKED HISTORY.

5. AGAIN IN RESPONSE TO A QUESTION GONZALEZ RECAPITULATED THE PARTY'S REASONS FOR OPPOSING NATO MEMBERSHIP THAT IT WAS CONTRARY TO THE PSOE'S COMMITMENT TO WORK FOR THE REDUCTION OF INTERNATIONAL TENSION AND THAT IT COULD LEAD TO SOVIET PRESSURE ON POST TITO YUGOSLAVIA TO ENTER THE WARSAW PACT. BUT GONZALEZ WAS QUICK TO ADD THAT THE CONFIDENTIAL

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PSOE VIEWS SPAIN AS VERY MUCH A PART OF THE WEST AND THAT HE ENVISAGED NUMEROUS BILATERAL AND MULTILATERAL DEFENSE AGREEMENTS BETWEEN SPAIN AND VARIOUS WEST EUREUROPEAN COUNTRIES IF SPAIN ALREADY WERE A MEMBER OF THE ALLIANCE, THE PSOE CERTAINLY WOULD NOT SEEK TO TAKE HER OUT. BUT UNDER THE CIRCUMSTANCES, THE PSOE COULD NOT SUPPORT A QUALITATIVE CHANGE IN THE OPPOSITE DIRECTION EITHER.

6. I RESPONDED THAT IT WAS A MISTAKE TO TRY TO ESTABLISH A LINK BETWEEN SPAIN AND YUGOSLAVIA. NO MATTER WHAT SPAIN MIGHT DO ABOUT NATO, IT WOULD, IN MY VIEW HAVE LITTLE OR NO EFFECT ON WHAT YUGOSLAVIA MIGHT DO IN THE POST TITO PERIOD. THIS WOULD DEPEND ON HOW THE SITUATION DEVELOPED AND I THOUGH SPAIN WOULD DE WELL TO THINK ONLY OF ITS OWN SECURITY INTERESTS.

7. FINALLY, GONZLAEZ SLAMMED CARRILLO AND THE SPANISH COMMUNISTS, WHOSE POLITICAL "PRAGMATISM" HE CONSIDERS CYNICAL IN THE EXTREME. HE VIEWED THE PCE'S MODEST

ELECTORAL SHOWING AS A CLEAR INDICATION OF THE LIMITS OF THE PARTY'S ELECTORAL APPEAL, AND HE MADE IT CLEAR THAT WHILE THE PSOE IS KEEPING ITS OPTIONS OPEN CONCERNING POSSIBLE FUTURE COOPERATION WITH THE COMMUNISTS HE PREDERS TO OPERATE INDEPENDENTLY OF THEM.

8. COMMENT: THE GOVT HAS A VERY TOUGH ROW TO HOE, BUT WE BELIEVE GONZALEZ HAS PREMATURELY DICOUNTED THE POSSIBILITY THAT THE SUAREZ TEAM MAY COME UP WITH AN ECONOMIC PROGRAM WHICH WILL APPEAL TO LARGE NUMBERS OF THE FLOATING CENTER CONSTITUENCY. HIS DEFENSE OF LABOR'S SHARE OF THE PIE APPEARS TO STAKE OUT ONE OF THE BATTLE LINES. IT TESTIFIES BOTH TO THE PARTY'S LONG STANDING COMMITMENT TO THE WORKING CLASS AND ITS RECONIGATION THAT EVEN WITH ITS ELECTORAL ADVANTAGE, THE UGT WILL HAVE A BATTLE ON ITS HANDS IN COMPETING WITH THE COMMUNIST BACKED WORKERS COMMISSIONS FOR LABOR  
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SUPPORT. GONZALEZ POSITION ON THE TREATY AND NATO WAS NOT SURPRISING, BUT HIS PRESENTATION WAS THE MOST THOUGHFUL AND CAREFUL WE HAVE HEARD FROM THE PSOE LEADERSHIP TO DATE. I BELIEVE THAT THEY WILL GIVE FURTHER THOUGH TO THEIR POSITIONS IN THIS AREA. STABLER

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## Message Attributes

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**Disposition Date:** 22 May 2009  
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**TAGS:** PINT, PGOV, SP, (GONZALEZ, FELIPE)  
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